

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SS-20 SPC-03 L-03 H-03 NSC-10

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02

INR-10 INT-08 LAB-06 NSAE-00 PA-04 RSC-01 AID-20

CIEP-02 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01

NEA-10 SCEM-02 SCI-06 PM-07 DRC-01 /218 W

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R 221120Z DEC 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6199

INFO AMEMBASSY BONN

AMEBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION USNATO BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 7454

E.O. 11652: GDS

TAGS: PFOR, EEC, US

SUBJECT: THE EUROPEAN COMMUNITY AND THE U.S. AT THE
END OF 1973 -- QUARTERLY ASSESSMENT

REFERENCE: STOESSEL DECEMBER 4 LETTER

1. SUMMARY: AS THE YEAR ENDS, THE COMMUNITY IS IN
TROUBLE. ANY OF THE PROBLEMS ARE INTERNAL, BUT SOME
OF THE BIGGEST ONES INVOLVE EUROPE'S RELATIONS WITH
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THE REST OF THE WORLD. IT IS DIFFICULT TO SEE THE

BASIS FOR FUNDAMENTAL IMPROVEMENT SOON. HOWEVER, NO ONE EXPECTS THE RISIS TO LEAD TO A RUPTURE OF THE EC-9 AND THE EXPECTED "YEAR END" PACKAGE ON REGIONAL POLICY WILL UNDOUBTEDLY BE PUT BACK TOGETHER IN JANUARY. THE CONSEQUENCES OF THE ENERGY CRISIS -- TOGETHER WITH THE WEAKNESS OF MOST EUROPEAN GOVERNMENTS -- POSE A MAJOR CHALLENGE TO THE COMMUNITY AND THREATEN TO FREEZE THE PROCESS OF EUROPEAN INTEGRATION. THE STRAINS IN OUR RELATIONS WITH THE COMMUNITY ARE LIKELY TO REMAIN FOR SOME TIME AND WILL REQUIRE A COMBINATION OF FIRMNESS AND CAREFUL, PATIENT HANDLING. ANY CONSTRUCTIVE JOINT EFFORT (E.G. MULTILATERAL TRADE NEGOTIATIONS) TAKES ON INCREASED IMPORTANCE IN US/EC RELATIONS. END SUMMARY.

2. THE MIDDLE EAST AND ENERGY CRISES -- AND THEIR ECONOMIC AND POLITICAL REPERCUSSIONS -- HAVE COME ON TOP OF EXISTING DIFFICULTIES IN THE MEMBER STATES, SUCH AS CHRONIC INFLATION, LETHERGIC GOVERNMENTS, AND INDIFFERENT PUBLICS. THE NET RESULT HAS BEEN THE INABILITY OR UNWILLINGNESS OF THE NINE TO REACH DECISIONS ON COMMUNITY POLICIES AND PROGRAMS. THE EXPECTATION THAT THE COMMUNITY WOULD MOVE AHEAD AS A RESULT OF UK ENTRY HAS NOT BEEN FULFILLED AND THE COPENHAGEN SUMMIT MEETING PROVED A DISAPPOINTMENT.

3. A BASIC TREND WHICH APPEARS LIKELY TO PERSIST IS THE WEAKNESS OF EUROPEAN GOVERNMENTS AND LEADERSHIP. FRANCE CONTINUES TO HAVE ITS OWN DISTINCT VIEW OF THE COMMUNITY AND HEATH SEEMS TO BE FOLLOWING A BRITISH MUTATION OF THE GAULLIST LINE, REINFORCED BY THE FRAGILITY OF THE BRITISH ECONOMY. THE GERMANS ARE INCREASINGLY RESISTANT TO THE TRANSFER OF MONEY TO OTHER MEMBER STATES IN THE ABSENCE OF GREATER COMMUNITY SOLIDARITY AND UNITY.

4. IN SHORT, THE GENERAL MOOD IN THE EUROPEAN COMMUNITY IS NOT HEALTHY (ALTHOUGH, AS INDICATED BELOW, POWERFUL ELEMENTS OF STABILITY REMAIN). THERE IS A GROWING FEELING OF IMPOTENCE IN THE FACE

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OF THE ENERGY CRISIS AND THE GROWTH OF SUPER-POWER PREDOMINANCE IN THE WORLD (AS SEEN BY THE EUROPEANS). THE ATTITUDES OF SOME OF THE NINE TOWARDS EACH OTHER -- AND TOWARDS THE U.S. -- ARE INCREASINGLY A COMPOUND OF UNCERTAINTY, SUSPICION AND "SAUVE QUI PEUT."

5. DESPITE THIS GLOOMY PICTURE THERE IS A SATISFACTION OVER THE INTENSIFICATION OF POLITICAL COOPERATION.

THE NINE HAVE IMPROVED THEIR SYSTEM OF CONSULTATION ON FOREIGN POLICY ISSUES; HOW MUCH REAL POLITICAL COHESION HAS BEEN ACHIEVED REMAINS TO BE SEEN, HOWEVER. MANY IN THE NINE ARE PLEASED WITH THEIR RESOLUTION ON THE MIDDLE EAST, THEIR COORDINATION AT THE CSCE, THE DRAFTING EFFORT ON A EC-US DECLARATION AND THE PAPER ON THE EUROPEAN IDENTITY. THIS TREND MAY CONTINUE ALTHOUGH IT IS SYMPTOMATIC THAT ALL OF THESE DEVELOPMENTS HAVE BEEN THE RESULT OF EXTERNAL STIMULI.

6. THE EUROPEAN COMMUNITY INSTITUTIONS HAVE NOT BEEN FUNCTIONING WELL DESPITE SUBSTANTIAL IMPROVEMENT IN

THE QUALITY OF THE EC COMMISSION. THE COMMISSION HAS PERFORMED ITS BASIC JOB OF DEVELOPING PROPOSALS IN ACCORDANCE WITH THE PROGRAM LAID OUT BY THE 1972 PARIS SUMMIT. BUT THE GOVERNMENTS IN THE EC COUNCIL HAVE PROVED INCREASINGLY UNABLE TO MAKE DECISIONS ON SIGNIFICANT PROBLEMS, SUCH AS ECONOMIC AND MONETARY UNION, INFLATION, REGIONAL POLICY, ENERGY POLICY, AND A HOST OF OTHER MATTERS. EVEN WORSE, THE COUNCIL HAS PUT OFF DECISIONS ON MANY SMALL ISSUES. EACH GOVERNMENT SUPPORTS ONLY THOSE COMMUNITY POLICIES THAT BRING IMMEDIATE AND TANGIBLE GAIN TO IT AND ALL NINE SEEM TO HAVE ADOPTED THE FRENCH TACTICS OF AVOIDING BEING DEMANDEURS AND USING THE VETO TO TRADE OFF FOR ITEMS OF INTEREST TO THEM.

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7. DESPITE THIS BLEAK PICTURE AND NEGATIVE TRENDS, NO ONE SERIOUSLY QUESTIONS THE SURVIVAL OF THE EC. THE INTERDEPENDENCE OF THE ECONOMIES OF THE MEMBER STATES HAS GONE VERY FAR AND VESTED INTERESTS IN THE COMMUNITY ARE STRONG. WITH THE EXCEPTION OF THE UK, IT DOES NOT PAY POLITICALLY TO OPPOSE EUROPEAN INTEGRATION. MOST POLITICIANS CONTINUE TO USE EUROPEAN RHETORIC IN THEIR PUBLIC PRONOUNCEMENTS WHILE FOLLOWING FAIRLY NARROW NATIONALIST POLICIES IN THE COMMUNITY ORGANS. PUBLIC SUPPORT FOR EUROPEAN INTEGRATION IS MORE LATENT THAN CONFIDENTIAL

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VOCAL IN SOCIETIES WHICH TEND TO BE SMUG IN THEIR PRESENT AFFLUENCE (BEFORE THE ENERGY SHORTAGE REALLY BEGINS TO BITE). IN THIS STATE OF AFFAIRS, MANY THOUGHTFUL "EUROPEANS" ARE UNEASY BECAUSE OF (A) THE APPARENT DEPTH OF THE CURRENT MALAISE; AND (B) THE IMPOSSIBILITY OF KNOWING THE EXTENT, DURATION, OR ULTIMATE IMPACT ON EMPLOYMENT, PRODUCTION AND TRADE OF THE ENERGY CRISIS -- NOT TO MENTION THE IMPACT ON THE COMMUNITY'S COHESION.

8. IN THE US/EC CONTEXT, TRADE POLICY REMAINS THE DOMINANT FIELD (UNLESS THE EUROPEANS DECIDE TO RESPOND TO THE SECRETARY'S ENERGY INITIATIVE ON A UNITED BASIS THROUGH THE COMMUNITY). OUR DIFFICULTIES IN PREPARING FOR THE MULTILATERAL TRADE NEGOTIATIONS AND IN THE GATT ARTICLE XXIV:6 NEGOTIATIONS COME DOWN PRIMARILY -- BUT NOT EXCLUSIVELY -- TO FRENCH OPPOSITION. THE HOPE FOR BUILDING A CONSTRUCTIVE RELATIONSHIP ON TRADE MATTERS, WITH CONSEQUENT BENEFITS FOR OUR OVERALL RELATIONS, LIES IN EARLY ENACTMENT OF THE

TRADE BILL. CONVERSELY, FAILURE TO MOVE FORWARD ON THE TRADE NEGOTIATIONS WOULD PROBABLY MEAN GROWTH OF PROTECTIONIST PRESSURES AND ADDITIONAL FRICTIONS ON BOTH SIDES OF THE ATLANTIC IN 1974. AND THE FRENCH WOULD LOSE NO TIME IN ADVERTISING OUR FAILURE AS PROOF OF US UNRELIABILITY. ECONOMIC DIFFICULTIES IN EUROPE COUPLED WITH THE TURNAROUND IN THE US BALANCE OF PAYMENTS COULD ALSO LEAD TO NEW EUROPEAN ARGUMENTS ABOUT CURRENCY RELATIONSHIPS.

9. ASSUMING THE PRESENT INAUSPICIOUS TRENDS CONTINUE, HOW CAN WE PROMOTE US INTERESTS WITH THE COMMUNITY? IN 1973 THE EUROPEANS HAVE BEEN PUT ON NOTICE THAT THEY CANNOT TAKE THE US RELATIONSHIP AND THE SECURITY IT PROVIDES FOR GRANTED. THE EUROPEAN GOVERNMENTS HAVE ALSO DEMONSTRATED IN FULL PUBLIC VIEW THAT THEY LACK THE UNITY TO DEVELOP IMPORTANT INITIATIVES ON THEIR OWN. IN 1973 EVENTS CROWDED THEM, AND IN EARLY 1974 PRESSURES ON THE VITALS OF THEIR ECONOMIES MAY FORCE THEM TOWARD

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UNIFIED ACTIONS. THERE IS NO GUARANTEE THAT THESE ACTIONS WILL FOLLOW US LEADS. US INITIATIVES SHOULD BE FRAMED (AS THE SECRETARY'S ENERGY ACTION GROUP PROPOSAL WAS) IN SUCH A WAY AS TO MAKE CLEAR TO EUROPEAN GOVERNMENT LEADERS AND PUBLIC OPINION THAT: (A) THE US SUPPORTS EUROPEAN UNITY, (B) THE PRACTICAL BENEFITS OF EUROPEAN-US COOPERATION ARE REAL AND LARGE, AND (C) THE DISADVANTAGES OF EUROPE'S NOT COOPERATING WITH THE US ARE EQUALLY REAL AND LARGE. TACTICALLY WE SHOULD PROCEED BILATERALLY AND MULTILATERALLY TO SECURE SUPPORT IN THE COMMUNITY FOR US POSITIONS. THIS WILL OFTEN CALL FOR WORKING AROUND THE FRENCH. WE SHOULD OF COURSE STILL TRY TO BRING THE FRENCH ALONG, BUT ANYTHING INDICATING THAT FRENCH OBSTANCY TOWARD THE US PAYS DIVIDENDS CAN ONLY WORK AGAINST OUR INTERESTS WITH THE OTHERS. WE SHOULD ALSO TAKE ACCOUNT OF THE GROWING FREEDOM OF ACTION ASSUMED BY THE FRG WITHIN THE EUROPEAN COMMUNITY. INTENSIFYING HIGHEST-LEVEL CONSULTATIONS WITH THE GERMANS, WHO WILL HAVE THE CHAIRMANSHIP OF THE NINE FOR THE FIRST SIX MONTHS, COULD HELP MOVE A UNIFYING EUROPE IN DIRECTIONS WE DESIRE. GREENWALD

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